## Message Text

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**ACTION EB-07** 

INFO OCT-01 EUR-12 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00

DOTE-00 INR-05 NSAE-00 RSC-01 FAA-00 L-02 SS-15 NSC-05

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R 161658Z DEC 74 FM AMEMBASSY ROME TO SECSTATE WASHDC 8681

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E.O. 11652: N/A TAGS: EAIR, IT, US

SUBJECT: CIVAIR-GOI SEEKS BILATERAL CONSULTATIONS

REF: ROME 17319

SUMMARY: MFA HAS INDICATED GOI WILL SHORTLY REQUEST BILATERAL CIVAIR CONSULTATIONS ON INTERPRETATION OF US-ITALY AIR TRANSPORT AGREEMENT. REAL ISSUES ARE EXTRA SECTIONS, LANGUAGE DISCREPANCIES IN MOU, AND SUMMER 1975 CAPACITY. DENIAL OF US CARRIER REQUESTS FOR EXTRA SECTIONS IS METHOD WHEREBY GOI HOPES PERSUADE USG THAT CONSULTATIONS WOULD BE MUTUALLY ADVANTAGEOUS. END SUMMARY.

1. CONTINUING EFFORTS TO RESOLVE EXTRA SECTIONS DISPUTE, EMBOFF CALLED ON MINISTRY FOREIGN AFFARIS (MFA) REP FIACCADORI (DIRECTOR, CIVAIR AFFAIRS) LATE DECEMBER 13. FIACCADORI INFORMED EMBOFF THAT MFA PREPARING NOTE REQUESTING BILATERAL CIVAIR CONSULTATIONS ON INTERPRETATION OF US-ITALY AIR TRANSPORT AGREEMENT ASAP. MFA HAS ALREADY WRITTEN MINISTRY TRANSPORT REQUESTING GENERAL SANTINI BE NAMED HEAD OF ITALIAN DELEGATION. GOI WILLING HOLD CONSULTATIONS IN WASHINGTON AND WISHES THEM TO BEGIN BEFORE MID-FEBRUARY, ACCORDING TO FIACCADORI.

2. FIACCADORI STATED THERE ARE THREE (3) ISSUES WHICH MUST BE RESOLVED: (1) GROUND RULES FOR EXTRA SECTIONS; (2) LANGUAGE LIMITED OFFICIAL USE

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DISCREPANCIES IN MEMORANDUM OF UNDERSTANDING (MOU); AND (3)

SUMMER 1975 CAPACITY. IN GOI VIEW, ONLY CONSULTATIONS AT HIGH LEVEL CAN RESOLVE THESE ISSUES.

- 3. FIACCADORI INDICATED THAT TWO FACTORS INFLUENCED GOI TO ADOPT COURSE OF ACTION DESIGNED TO LEAD TO HIGH LEVEL USG-GOI CONSULTATIONS: (1) RELUCTANCE USG RESPOND AFFIRMATIVELY TO PREVIOUS GOI REQUEST FOR EXTRA SECTION CONSULTATIONS; AND (2) NEW, AGRESSIVE USG CIVAIR POSTURE--SPECIFIC REFERENCE MADE TO FLY US CARRIERS CAMPAIGN AND CAPACITY DISCUSSIONS WITH BELGIANS, DUTCH, SCANDINAVIANS AND SWISS--WHICH GOI RESENTS. IN THIS CONTEXT HE OBSERVED THAT CIVILAVIA'S RECENT DENIALS US CARRIER REQUESTS FOR EXTRA CARGO SECTIONS WAS NOT RESULT OF PERSONNEL CHANGES IN CIVILAVIA BUT REFLECTED GOI POLICY.
- 4. FIACCADORI ASKED WHETHER THERE WAS CHANCE USG MIGHT RESPOND NEGATIVELY TO GOI REQUEST FOR CONSULTATIONS. EMBOFF SAID THAT IN HIS OPINION WASHINGTON WOULD NOT BE OVERJOYED TO RECEIVE SUCH A REQUEST. EMBOFF NOTED THAT WASHINGTON'S MOST RECENT POSITION ON ISSUES WAS: (A) GOI COMMITMENT IN PARA (6) MOU, SUBSEQUENTLY TWICE REAFFIRMED BY GENERAL SANTINI DURING CAPACITY CONSULTATIONS, CLEARLY GOVERNS EXTRA CARGO SECTIONS AND PAA/TWA/ALITALIA AGREEMENT CURRENTLY COVERS EXTRA PASSENGER SECTIONS, WITH RESULT THAT THERE SHOULD BE NO NEED FOR CONSULTATIONS ON THIS ISSUE; AND (B) LANGUAGE DISCREPANCIES IN MOU CAN BE RESOLVED WITHOUT CONSULTATIONS. EMBOFF FURTHER NOTED THAT, SINCE US CARRIERS SUMMER 1975 CAPACITY LIKELY BE LESS THAN DURING SUMMER 1974, IN USG VIEWS THERE WAS NO BASIS FOR CAPACITY CONSULTATIONS. HOW USG RESPONDS TO GOI REQUEST, EMBOFF SAID, WILL UNDOUBTEDLY DEPEND UPON LEGAL BASIS UNDER WHICH GOI REQUESTS CONSULTATIONS AND PURPOSE OF CONSULTATIONS.
- 5. COMMENT: GOI APPEARS TO HAVE DELIBERATELY DECIDED TO SWITCH SIGNALS ON EXTRA SECTIONS (WHICH ALSO OPERATES TO ALITALIA'S ECONOMIC ADVANTAGE) IN ORDER PERSUADE USG TO HOLD GENERAL CIVIAR CONSULTATIONS IN WHICH CENTRAL ISSUE WILL BE CAPACITY OF US CARRIERS. IN GOI VIEW, EXTRA SECTIONS AND MOU LANGUAGE DISCREPANCIES ARE ALL PART OF CAPACITY PROBLEM IN THAT THEY AFFECT GOI ABILITY REGULATE CAPACITY.
- 6. GIVEN GOI POSTURE, THERE APPEARS LITTLE CHANCE OF IMPROVING OVERALL US-ITALY CIVAIR RELATIONS OR LOCAL ENVIRONMENT WITHIN LIMITED OFFICIAL USE

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WHICH US CARRIERS MUST OPERATE IN ABSENCE OF CONSULTATIONS. WHETHER CONSULTATIONS CAN RESOLVE OUTSTANDING ISSUES TO SATISFACTION OF GOI IS, HOWEVER, ANOTHER MATTER WHICH CAN BEST BE EVALUATED BY WASHINGTON AGENCIES. NEVERTHELESS, EMBASSY THINKS IT IMPERATIVE WE AT LEAST RESPOND AFFIRMATIVELY TO THEIR FORTHCOMING REQUEST FOR CONSULTATIONS; THIS IS CASE WHERE FORM AS WELL AS SUBSTANCE IS SIGNIFICANT FOR GOI. VOLPE

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## Message Attributes

Automatic Decaptioning: X Capture Date: 01 JAN 1994 Channel Indicators: n/a

**Current Classification: UNCLASSIFIED** 

Concepts: CIVIL AVIATION, AGREEMENTS, AIR CARGO, POLICIES, MEETING AGENDA, MEETINGS

Control Number: n/a Copy: SINGLE Draft Date: 16 DEC 1974 Decaption Date: 01 JAN 1960 Decaption Note: Disposition Action: RELEASED Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ElyME
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974ROME17396

Document Number: 1974ROME17396 Document Source: CORE Document Unique ID: 00

Drafter: n/a Enclosure: n/a Executive Order: N/A Errors: N/A

Film Number: D740365-0151

From: ROME

Handling Restrictions: n/a

Image Path:

Legacy Key: link1974/newtext/t19741232/aaaabbba.tel Line Count: 114 Locator: TEXT ON-LINE, ON MICROFILM

Office: ACTION EB

Original Classification: LIMITED OFFICIAL USE

Original Handling Restrictions: n/a Original Previous Classification: n/a Original Previous Handling Restrictions: n/a

Page Count: 3

Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE

Previous Classification: Limited Official Previous Handling Restrictions: n/a Reference: 74 ROME 17319
Review Action: RELEASED, APPROVED Review Authority: ElyME

Review Comment: n/a Review Content Flags: Review Date: 24 MAY 2002

**Review Event:** 

Review Exemptions: n/a
Review History: RELEASED <24 MAY 2002 by ifshinsr>; APPROVED <24 MAR 2003 by ElyME>

**Review Markings:** 

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

**Review Media Identifier:** Review Referrals: n/a Review Release Date: n/a Review Release Event: n/a **Review Transfer Date:** Review Withdrawn Fields: n/a

Secure: OPEN Status: NATIVE

Subject: CIVAIR-GOI SEEKS BILATERAL CONSULTATIONS

TAGS: EAIR, IT, US, (FIACCADORI)

To: STATE

Type: TE

Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005